

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

| | | | |
|--|-------------------------|---|-----------------|
| Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other | | Local Unit Name Village of Woodland | County Barry |
| Fiscal Year End 12-31-07 | Opinion Date 4-30-08 | Date Audit Report Submitted to State 5-20-08 | |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

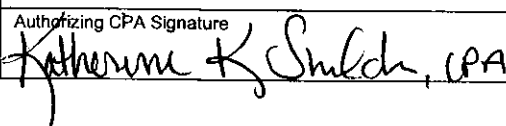
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☒ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

| | | | |
|---|-------------------------------------|--|------------------------------|
| We have enclosed the following: | Enclosed | Not Required (enter a brief justification) | |
| Financial Statements | <input checked="" type="checkbox"/> | | |
| The letter of Comments and Recommendations | <input checked="" type="checkbox"/> | | |
| Other (Describe) | <input checked="" type="checkbox"/> | SAS 112 | |
| Certified Public Accountant (Firm Name) Walker, Fluke & Sheldon, PLC | | Telephone Number 269-945-9452 | |
| Street Address 525 W Apple St | | City Hastings | State MI |
| | | Zip 49058 | |
| Authorizing CPA Signature  | | Printed Name Katherine K Sheldon | License Number 1101023575 |

VILLAGE OF WOODLAND
FINANCIAL STATEMENTS
For the year ended December 31, 2007

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INDEPENDENT AUDITORS' REPORT

To the Village Council
Village of Woodland
Barry County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Woodland, Barry County, Michigan, as of and for the year ended December 31, 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Village of Woodland, Barry County, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Village of Woodland, Barry County, Michigan, as of December 31, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The required supplementary information listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Village of Woodland's basic financial statements. The accompanying additional supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements of Village of Woodland, Barry County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Hastings, Michigan
April 30, 2008

Walker, Fluke & Sheldon, PLC

**VILLAGE OF WOODLAND
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
DECEMBER 31, 2007**

| ASSETS | Primary Government | | |
|--|------------------------------------|-------------------------------------|--------------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Cash and Cash Equivalents | \$ 246,134 | \$ - | \$ 246,134 |
| Investments | 105,933 | - | 105,933 |
| Receivables (Net) | | | |
| Taxes - Delinquent | 12,410 | - | 12,410 |
| Accounts | - | 350 | 350 |
| Due From State | 22,370 | - | 22,370 |
| Due From Other Funds | 16,856 | - | 16,856 |
| Internal Balances | (11,775) | 11,775 | - |
| Capital Assets (Net of Accumulated Depreciation) | <u>286,936</u> | <u>10,837</u> | <u>297,773</u> |
| Total Assets | <u>678,864</u> | <u>22,962</u> | <u>701,826</u> |
| LIABILITIES | | | |
| Accounts Payable | - | - | - |
| Accrued Liabilities | 3,181 | - | 3,181 |
| Due to Other Funds | <u>16,856</u> | <u>-</u> | <u>16,856</u> |
| Total Liabilities | <u>20,037</u> | <u>-</u> | <u>20,037</u> |
| NET ASSETS | | | |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | 286,936 | 10,837 | 297,773 |
| Restricted for Parks | 10,216 | - | 10,216 |
| Restricted for Streets | 110,310 | - | 110,310 |
| Unrestricted | <u>251,365</u> | <u>12,125</u> | <u>263,490</u> |
| Total Net Assets | <u>\$ 658,827</u> | <u>\$ 22,962</u> | <u>\$ 681,789</u> |

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF WOODLAND
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
December 31, 2007

| Functions/Programs | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets | | |
|------------------------------------|-------------------|-------------------------|--|--|-----------------------------|-------------------|
| | | Charges for Services | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| Primary Government | | | | | | |
| Governmental Activities | | | | | | |
| Legislative | \$ 9,922 | \$ - | \$ - | \$ (9,922) | \$ - | \$ (9,922) |
| General Government | 13,632 | - | - | (13,632) | - | (13,632) |
| Public Works | 81,551 | 6,983 | 33,053 | (41,515) | - | (41,515) |
| Recreational and Cultural | 25,771 | 8,815 | - | (16,956) | - | (16,956) |
| Other | 34,314 | - | - | (34,314) | - | (34,314) |
| Total Governmental Activities | <u>165,190</u> | <u>15,798</u> | <u>33,053</u> | <u>(116,339)</u> | <u>-</u> | <u>(116,339)</u> |
| Business-type Activities | | | | | | |
| Water | <u>3,305</u> | <u>1,470</u> | <u>-</u> | <u>-</u> | <u>(1,835)</u> | <u>(1,835)</u> |
| Total Business-type Activities | <u>3,305</u> | <u>1,470</u> | <u>-</u> | <u>-</u> | <u>(1,835)</u> | <u>(1,835)</u> |
| Total Primary Government | <u>\$ 168,495</u> | <u>\$ 17,268</u> | <u>\$ 33,053</u> | <u>(116,339)</u> | <u>(1,835)</u> | <u>(118,174)</u> |
| General Revenues | | | | | | |
| Taxes and Penalties | | | | 113,378 | - | 113,378 |
| State Grants | | | | 49,384 | - | 49,384 |
| Interest and Rentals | | | | 12,333 | - | 12,333 |
| Other Revenue | | | | <u>1,301</u> | <u>-</u> | <u>1,301</u> |
| Total General Revenue | | | | <u>176,396</u> | <u>-</u> | <u>176,396</u> |
| Loss on Disposal of Capital Assets | | | | (490) | - | (490) |
| Transfers In (Out) | | | | <u>(2,900)</u> | <u>2,900</u> | <u>-</u> |
| Change in Net Assets | | | | 56,667 | 1,065 | 57,732 |
| Net Assets-Beginning | | | | <u>602,160</u> | <u>21,897</u> | <u>624,057</u> |
| Net Assets-Ending | | | | <u>\$ 658,827</u> | <u>\$ 22,962</u> | <u>\$ 681,789</u> |

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF WOODLAND
GOVERNMENTAL FUND BALANCE SHEET
December 31, 2007

| ASSETS | General | Major Streets | Local Streets | Parks | Total Governmental Funds |
|--|--------------------------|--------------------------|------------------------|-------------------------|---------------------------------|
| Cash and Cash Equivalents | \$ 184,800 | \$ 53,201 | \$ 8,133 | \$ - | \$ 246,134 |
| Investments | 54,027 | 51,906 | - | - | 105,933 |
| Receivables | | | | | |
| Taxes -Delinquent | 10,869 | - | - | 1,541 | 12,410 |
| Due From State | 17,391 | 3,823 | 1,156 | - | 22,370 |
| Due From Other Funds | <u>7,909</u> | <u>-</u> | <u>272</u> | <u>8,675</u> | <u>16,856</u> |
| Total Assets | <u>\$ 274,996</u> | <u>\$ 108,930</u> | <u>\$ 9,561</u> | <u>\$ 10,216</u> | <u>403,703</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | | |
| Liabilities | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued Liabilities | 3,181 | - | - | - | 3,181 |
| Due To Other Funds | 20,450 | 5,152 | 3,029 | - | 28,631 |
| Deferred Revenue | <u>10,869</u> | <u>-</u> | <u>-</u> | <u>1,541</u> | <u>12,410</u> |
| Total Liabilities | <u>34,500</u> | <u>5,152</u> | <u>3,029</u> | <u>1,541</u> | <u>44,222</u> |
| Fund Balances | | | | | |
| Reserved | - | - | - | - | - |
| Designated | 81,207 | - | - | - | 81,207 |
| Unreserved-Undesignated | <u>159,289</u> | <u>103,778</u> | <u>6,532</u> | <u>8,675</u> | <u>278,274</u> |
| Total Fund Balances | <u>240,496</u> | <u>103,778</u> | <u>6,532</u> | <u>8,675</u> | <u>359,481</u> |
| Total Liabilities and Fund Balances | <u>\$ 274,996</u> | <u>\$ 108,930</u> | <u>\$ 9,561</u> | <u>\$ 10,216</u> | |

Reconciliation of the Governmental Fund's Balance Sheet to the Statement of Net Assets:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

| | | |
|--------------------------------|---------------|---------|
| Governmental capital assets | \$ 379,030 | |
| Less: Accumulated Depreciation | <u>92,094</u> | 286,936 |

| | |
|--|---------------|
| Deferred revenues reported in governmental funds are recognized as revenues in the governmental activities | <u>12,410</u> |
|--|---------------|

| | |
|---------------------------------------|-------------------|
| Net Assets of Governmental Activities | <u>\$ 658,827</u> |
|---------------------------------------|-------------------|

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF WOODLAND
GOVERNMENTAL FUND STATEMENT OF
REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2007

| | <u>General</u> | <u>Major Streets</u> | <u>Local Streets</u> | <u>Parks</u> | <u>Total Governmental Funds</u> |
|--|-------------------|--------------------------|--------------------------|-----------------|---|
| Revenues | | | | | |
| Taxes and Penalties | \$ 96,092 | \$ - | \$ - | \$ 13,728 | \$ 109,820 |
| State Grants | 49,384 | 25,380 | 7,673 | - | 82,437 |
| Interest and Rentals | 7,090 | 2,170 | 39 | 3,034 | 12,333 |
| Other Revenue | <u>15,156</u> | <u>-</u> | <u>-</u> | <u>8,980</u> | <u>24,136</u> |
| Total Revenues | <u>167,722</u> | <u>27,550</u> | <u>7,712</u> | <u>25,742</u> | <u>228,726</u> |
| Expenditures | | | | | |
| Current | | | | | |
| Legislative | 9,922 | - | - | - | 9,922 |
| General Government | 9,941 | - | - | - | 9,941 |
| Public Works | 71,308 | 11,637 | 6,301 | - | 89,246 |
| Recreation and Cultural | - | - | - | 22,958 | 22,958 |
| Other | 34,314 | - | - | - | 34,314 |
| Capital Outlay | <u>7,937</u> | <u>-</u> | <u>-</u> | <u>7,854</u> | <u>15,791</u> |
| Total Expenditures | <u>133,422</u> | <u>11,637</u> | <u>6,301</u> | <u>30,812</u> | <u>182,172</u> |
| Excess of Revenues Over (Under) Expenditures | <u>34,300</u> | <u>15,913</u> | <u>1,411</u> | <u>(5,070)</u> | <u>46,554</u> |
| Other Financing Sources (Uses) | | | | | |
| Operating Transfers In | - | - | - | 6,300 | 6,300 |
| Operating Transfers (Out) | <u>(9,200)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(9,200)</u> |
| Total Other Financing Sources (Uses) | <u>(9,200)</u> | <u>-</u> | <u>-</u> | <u>6,300</u> | <u>(2,900)</u> |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 25,100 | 15,913 | 1,411 | 1,230 | 43,654 |
| Fund Balance-January 1, 2007 | <u>215,396</u> | <u>87,865</u> | <u>5,121</u> | <u>7,445</u> | <u>315,827</u> |
| Fund Balance-December 31, 2007 | <u>\$ 240,496</u> | <u>\$ 103,778</u> | <u>\$ 6,532</u> | <u>\$ 8,675</u> | <u>\$ 359,481</u> |

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF WOODLAND
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

| | | | |
|--|----|------------|---------------|
| Net Change in Fund Balances - Total Governmental Funds | | \$ | 43,654 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds | | | 3,558 |
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives: | | | |
| Expenditures for capital assets | \$ | 29,306 | |
| Less: Current year depreciation | | 12,324 | |
| Less: Proceeds from Sale of Capital Assets | | 7,037 | |
| Less: Loss on Disposal of Capital Assets | | <u>490</u> | <u>9,455</u> |
| Change in Net Assets of Governmental Activities | | <u>\$</u> | <u>56,667</u> |

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF WOODLAND
PROPRIETARY FUNDS STATEMENT OF NET ASSETS
December 31, 2007

| | <u>Enterprise Funds Water System</u> | <u>Total</u> |
|---|--|------------------|
| <u>ASSETS</u> | | |
| Receivables (Net) | | |
| Accounts | \$ 350 | \$ 350 |
| Due From Other Funds | 11,775 | 11,775 |
| Capital Assets (Net of Accumulated Depreciation) | <u>10,837</u> | <u>10,837</u> |
| Total Assets | <u>22,962</u> | <u>22,962</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Liabilities | | |
| Accounts Payable | <u>-</u> | <u>-</u> |
| Total Liabilities | <u>-</u> | <u>-</u> |
| Net Assets | | |
| Net Assets | | |
| Investment in Capital Assets, Net of Related Debt | 10,837 | 10,837 |
| Restricted | - | - |
| Unrestricted | <u>12,125</u> | <u>12,125</u> |
| Total Net Assets | <u>22,962</u> | <u>22,962</u> |
| Total Liabilities and Net Assets | <u>\$ 22,962</u> | <u>\$ 22,962</u> |

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF WOODLAND
PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2007

| | <u>Enterprise Funds Water System</u> | <u>Total</u> |
|--|--|------------------|
| Operating Revenues | | |
| Charges for Services | \$ 1,470 | \$ 1,470 |
| Total Operating Revenues | <u>1,470</u> | <u>1,470</u> |
| Operating Expenses | | |
| Salaries and Fringe Benefits | 267 | 267 |
| Water Testing | 255 | 255 |
| Repair & Maintenance | 686 | 686 |
| Utilities | 1,341 | 1,341 |
| Fringe Benefits | 271 | 271 |
| Depreciation | <u>485</u> | <u>485</u> |
| Total Operating Expenses | <u>3,305</u> | <u>3,305</u> |
| Operating Income | <u>(1,835)</u> | <u>(1,835)</u> |
| Nonoperating Revenues (Expenses) | | |
| Interest Earned on Investments | <u>-</u> | <u>-</u> |
| Total Nonoperating Revenues (Expenses) | <u>-</u> | <u>-</u> |
| Income (Loss) Before Contributions and Transfers | (1,835) | (1,835) |
| Operating Transfers In | <u>2,900</u> | <u>2,900</u> |
| Change in Net Assets | 1,065 | 1,065 |
| Net Assets-Beginning | <u>21,897</u> | <u>21,897</u> |
| Net Assets-Ending | <u>\$ 22,962</u> | <u>\$ 22,962</u> |

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF WOODLAND
PROPRIETARY FUNDS STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2007

| | <u>Enterprise Funds Water System</u> | <u>Total</u> |
|--|--|-------------------|
| Cash Flows From Operating Activities: | | |
| Cash Charges for Services | \$ 1,959 | \$ 1,959 |
| Cash Payments to Employees for Services | (267) | (267) |
| Cash Payments to Suppliers for Goods and Services | <u>(4,592)</u> | <u>(4,592)</u> |
| Net Cash Provided by Operating Activities | <u>(2,900)</u> | <u>(2,900)</u> |
| Cash Flows From Capital and Related Financing Activities: | | |
| Operating Transfers In | <u>2,900</u> | <u>2,900</u> |
| Net Cash Provided by Capital and Related Financing Activities | <u>2,900</u> | <u>2,900</u> |
| Cash Flows From Investing Activities: | | |
| Interest Earned | <u>-</u> | <u>-</u> |
| Net Cash Provided (Used) by Investing Activities | <u>-</u> | <u>-</u> |
| Net Increase in Cash and Cash Equivalents | - | - |
| Cash and Cash Equivalents at Beginning of the Year | <u>-</u> | <u>-</u> |
| Cash and Cash Equivalents at End of the Year | <u>\$ -</u> | <u>\$ -</u> |
| Reconciliation of Operating Income to Net Cash Provided by Operating Activities: | | |
| Operating Income (Loss) | \$ (1,835) | \$ (1,835) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities: | | |
| Depreciation | 485 | 485 |
| Decrease (Increase) in Accounts Receivable | 489 | 489 |
| Decrease (Increase) in Due From Other Funds | <u>(2,039)</u> | <u>(2,039)</u> |
| Net Cash Provided by Operating Activities | <u>\$ (2,900)</u> | <u>\$ (2,900)</u> |

The Notes to Financial Statements are an integral part of this statement.

VILLAGE OF WOODLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Village of Woodland conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Village of Woodland:

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Village's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the Village's activities

The Village of Woodland has elected to not prepare a Management Discussion and Analysis section, but other changes are reflected in the accompanying financial statements (including notes to the financial statements).

REPORTING ENTITY

The Village of Woodland is located in Barry County, Michigan. The Village Council is made up of nine members. The Village provides various services to its citizens including maintenance of Village streets and other property, water, and general Village administration. Education services are provided to citizens through several local school districts, which are separate governmental entities. Fire and ambulance service is provided by outside independently owned entities.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

VILLAGE OF WOODLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual; therefore, they have been recognized as revenue in the current fiscal period. All other revenues are considered to be measurable only when cash is received by the Village.

Taxes Receivable - The Village property tax is levied on each July 1st based on the taxable valuation of property located in the Village as of the preceding December 31st. These taxes are due on August 31st with the final collection date of September 15th before they are added to county delinquent tax rolls.

It is the Village's policy to recognize revenue from the current tax levy in the year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2007 State taxable valuation of the Village totaled \$7,113,901 on which ad valorem taxes levied consisted of 7.7015 mills for Village operating purposes, 1.9826 mills for Village parks, 2.2304 mills for sidewalks, 1.9131 mills for equipment and 1.9826 mills for extra voted operations, raising \$54,788 for operating, \$14,104 for parks, \$15,867 for sidewalks, \$13,610 for equipment and \$14,104 for extra voted operations. The amounts recognized in the General Fund financial statements as current property tax revenue represent 2007 taxes collected and 2006 delinquent taxes collected in the current fiscal year.

The Village reports the following major governmental funds:

- The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.
- The Major Street Fund accounts for the maintenance of all major streets and trunk lines. Financing is provided by special revenues from provisions of Act 51 of 1951 as amended.
- The Local Street Fund accounts for the maintenance of all local streets. Financing is provided by special revenues from provisions of Act 51 of 1951 as amended.
- The Park Fund accounts for the maintenance of the Village's park.

The Village reports the following major proprietary fund:

- The Water Fund accounts for the operation and maintenance of the water supply system, capital additions, and retirement of revenue bonds. Financing is provided by user charges and contributions by other funds and customers.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to the same limitations. The Village has elected not to follow private-sector standards.

VILLAGE OF WOODLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(Continued)

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering products in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for sales and services. The water fund also recognizes the portion of tap fees intended to recover current cost (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

CASH, CASH EQUIVALENTS AND INVESTMENTS

For the purpose of the statement of cash flows, demand deposits and short-term investments with a maturity of three months or less when acquired are considered to be cash equivalents. In addition, the statement of cash flows includes both restricted and unrestricted cash and cash equivalents.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each July 1st based on the taxable valuation of property located in the Village as of the preceding December 31st. These taxes are due on August 31 with the final collection date of September 15. After that date, they are added to the county's delinquent tax rolls.

The delinquent real property taxes of the Village are purchased by Barry County. These taxes have been recorded as deferred revenue in the fund financial statements for the current year since they are not available to fund expenditures of the current period.

Designated Assets - The Village has designated assets for equipment. By designating a portion of fund balance for a specific purpose, the Village Council has established a policy that the amounts designated are to be used for a specific purpose. The Village Council can change the amounts so designated if they desire.

**VILLAGE OF WOODLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Restricted Assets - The Village has restricted assets for parks and streets. By restricting a portion of the fund balance for a specific purpose, the Village has limited the use of the funds for that specific purpose only. The Village Council cannot change the amounts restricted and cannot spend the restricted funds for any other than parks and streets.

Capital Assets - Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

General Assets

| | |
|---------------------------|----------|
| Buildings | 40 years |
| Furniture | 10 years |
| Equipment | 7 years |
| Data Processing Equipment | 5 years |

Infrastructure Assets

| | |
|------------------------|---------------|
| Roads, Sidewalks | 8 to 30 years |
| Drains, Curbs, Gutters | 8 to 40 years |

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The Village Boards prepares the annual budgets prior to February 28. A Public Hearing is conducted to obtain taxpayers' comments. The budget documents present information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is at the line item level.

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

VILLAGE OF WOODLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS

During the year ended December 31, 2007, the Village incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

| FUND | BUDGET APPROPRIATION | ACTUAL EXPENDITURE | BUDGET VARIANCE |
|---------------------------|---------------------------------|-------------------------------|----------------------------|
| General Fund: | | | |
| Legislative: | | | |
| Printing and Publishing | \$ 100 | \$ 157 | \$ 57 |
| General Government: | | | |
| Elections: | | | |
| Supplies | \$ - | \$ 5 | \$ 5 |
| Printing and Publishing | \$ - | \$ 5 | \$ 5 |
| Treasurer: | | | |
| Salary | \$ 3,600 | \$ 3,800 | \$ 200 |
| Supplies | \$ 500 | \$ 644 | \$ 144 |
| Clerk: | | | |
| Supplies | \$ 150 | \$ 456 | \$ 306 |
| Public Works: | | | |
| Garage and Maintenance: | | | |
| Wages | \$ 24,000 | \$ 34,643 | \$ 10,643 |
| Gas and Oil | \$ 1,200 | \$ 1,559 | \$ 359 |
| Utilities | \$ 2,500 | \$ 2,932 | \$ 432 |
| Maintenance and Repairs | \$ 3,500 | \$ 7,070 | \$ 3,570 |
| Capital Outlay | \$ 2,000 | \$ 7,937 | \$ 5,937 |
| Sidewalks: | | | |
| Contracted Services | \$ 13,000 | \$ 13,514 | \$ 514 |
| Street Lighting: | | | |
| Utilities | \$ 7,900 | \$ 8,645 | \$ 745 |
| Other: | | | |
| Miscellaneous | \$ 100 | \$ 412 | \$ 312 |
| Payroll Taxes | \$ 4,350 | \$ 5,210 | \$ 860 |
| Major Street Fund: | | | |
| Street Winter Maintenance | \$ 3,900 | \$ 5,084 | \$ 1,184 |
| Local Street Fund: | | | |
| Street Winter Maintenance | \$ 2,400 | \$ 2,893 | \$ 493 |
| Fringes and Insurance | \$ 1,000 | \$ 1,085 | \$ 85 |
| Parks Fund: | | | |
| Wages | \$ 9,200 | \$ 9,237 | \$ 37 |
| Fringes and Insurance | \$ 3,500 | \$ 3,525 | \$ 25 |
| Maintenance and Repairs | \$ 1,500 | \$ 3,481 | \$ 1,981 |
| Equipment Rental | \$ 2,500 | \$ 3,372 | \$ 872 |
| Miscellaneous | \$ 450 | \$ 2,418 | \$ 1,968 |
| Capital Outlay | \$ 250 | \$ 7,854 | \$ 7,604 |

ENCUMBRANCE ACCOUNTING

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Village of Woodland.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

VILLAGE OF WOODLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91, authorizes the Village to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Village has designated one bank for the deposit of the Village of Woodland funds.

The Village's deposits and investments are in accordance with statutory authority.

At year-end, the Village's deposits and investments were reported in the basic financial statements in the following categories:

| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL PRIMARY GOVERNMENT |
|---------------------------|------------------------------------|-------------------------------------|---|
| Cash and Cash Equivalents | \$ 246,134 | \$ - | \$ 246,134 |
| Investments | 105,933 | - | 105,933 |
| Restricted Assets | <u>-</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 352,067</u> | <u>\$ -</u> | <u>\$ 352,067</u> |

The breakdown between deposits and investments is as follows:

| | PRIMARY GOVERNMENT |
|--|-------------------------------|
| Bank Deposits | \$ 352,067 |
| (Checking and Savings Accounts, Certificates of Deposit) | |
| Investment in Securities | - |
| (Mutual Funds and Similar Vehicles) | |
| Petty Cash and Cash on Hand | <u>-</u> |
| Total | <u>\$ 352,067</u> |

Custodial credit risk is the risk that the Village will not be able to recover its deposits in the event of financial institution failure. The Village's deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At December 31, 2007, the Village had deposits with a carrying amount of \$352,067 and a bank balance of \$352,560. Of the bank balance, \$100,000 is covered by federal depository insurance, \$252,560 is uninsured and \$0 is collateralized. The Village believes that due to the dollar amounts of cash deposits and the limits of the FDIC insurance, it is impractical to insure all deposits. As a result, the Village evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

VILLAGE OF WOODLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

| | <u>BEGINNING BALANCE</u> | <u>INCREASES</u> | <u>DECREASES</u> | <u>ENDING BALANCE</u> |
|--------------------------------------|-------------------------------------|-------------------------|-------------------------|----------------------------------|
| Governmental Activities | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land | \$ 3,383 | \$ - | \$ - | \$ 3,383 |
| Subtotal | <u>3,383</u> | <u>-</u> | <u>-</u> | <u>3,383</u> |
| Capital Assets Being Depreciated | | | | |
| Buildings | 202,813 | - | - | 202,813 |
| Land Improvements | 37,961 | 7,854 | - | 45,815 |
| Equipment | 90,094 | 7,937 | 13,606 | 84,425 |
| Data Processing Equipment | 2,409 | - | - | 2,409 |
| Infrastructure | <u>26,670</u> | <u>13,515</u> | <u>-</u> | <u>40,185</u> |
| Subtotal | <u>359,947</u> | <u>29,306</u> | <u>13,606</u> | <u>375,647</u> |
| Less Accumulated Depreciation for | | | | |
| Buildings | 23,469 | 4,310 | - | 27,779 |
| Land Improvements | 8,539 | 1,838 | - | 10,377 |
| Equipment | 51,320 | 4,909 | 6,079 | 50,150 |
| Data Processing Equipment | 1,714 | 230 | - | 1,944 |
| Infrastructure | <u>807</u> | <u>1,037</u> | <u>-</u> | <u>1,844</u> |
| Subtotal | <u>85,849</u> | <u>12,324</u> | <u>6,079</u> | <u>92,094</u> |
| Net Capital Assets Being Depreciated | <u>274,098</u> | <u>16,982</u> | <u>7,527</u> | <u>283,553</u> |
| Governmental Activities Total | | | | |
| Capital Assets-Net of Depreciation | <u>\$ 277,481</u> | <u>\$ 16,982</u> | <u>\$ 7,527</u> | <u>\$ 286,936</u> |

VILLAGE OF WOODLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007

CAPITAL ASSETS (Continued)

| | <u>BEGINNING BALANCE</u> | <u>INCREASES</u> | <u>DECREASES</u> | <u>ENDING BALANCE</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Business-Type Activities | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land | \$ - | \$ - | \$ - | \$ - |
| Subtotal | - | - | - | - |
| Capital Assets Being Depreciated | | | | |
| Equipment | 11,402 | - | - | 11,402 |
| Subtotal | 11,402 | - | - | 11,402 |
| Less Accumulated Depreciation for Equipment | 80 | 485 | - | 565 |
| Subtotal | 80 | 485 | - | 565 |
| Net Capital Assets Being Depreciated | 11,322 | (485) | - | 10,837 |
| Business-Type Activities Total Capital Assets-Net of Depreciation | \$ 11,322 | \$ (485) | \$ - | \$ 10,837 |

Depreciation expense was charged to programs of the Village as follows:

| | |
|--------------------------------|-----------|
| Governmental Activities | |
| General Government | \$ 3,691 |
| Public Works | 5,820 |
| Recreation and Cultural | 2,813 |
| Total Government Activities | \$ 12,324 |
| Business-Type Activities | |
| Water | \$ 485 |
| Total Business-Type Activities | \$ 485 |

**VILLAGE OF WOODLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007**

INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances is as follows:

| <u>FUND</u> | <u>INTERFUND RECEIVABLES</u> | <u>FUND</u> | <u>INTERFUND PAYABLES</u> |
|---------------|----------------------------------|---------------|-------------------------------|
| General | \$ 7,909 | General | \$ 20,450 |
| Local Streets | 272 | Major Streets | 5,152 |
| Park | 8,675 | Local Streets | <u>3,029</u> |
| Water System | <u>11,775</u> | | |
| | \$ <u>28,631</u> | | \$ <u>28,631</u> |
| <u>FUND</u> | <u>TRANSFERS IN</u> | <u>FUND</u> | <u>TRANSFERS OUT</u> |
| General | \$ 6,300 | General | \$ <u>9,200</u> |
| Park | <u>2,900</u> | | |
| | \$ <u>9,200</u> | | \$ <u>9,200</u> |

The interfund receivables and payables represent money owed to various funds for expenses paid by other various funds. Transfers were used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

RISK MANAGEMENT

The Village is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village manages its risk exposure and provides certain employee benefits thorough a combination of risk management pools and commercial insurance.

The Village participates in the Michigan Municipal League for general and automobile liability, motor vehicle physical damage, property damage, and workers compensation coverages. The Michigan Municipal Liability and Property Pool were established pursuant to laws of the State of Michigan which authorizes local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of the pool is to jointly exercise powers common to each participating member to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses occurring in the operation of its members; and to defend and protect any member of the authority against liability or loss.

The Michigan Municipal Liability and Property Pool, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Michigan Municipal Liability and Property Pool. Due to this reinsurance purchase, there is no pooling of risk between members.

The Michigan Municipal Liability and Property Pool chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

The individual members are responsible for their self-retention amounts (deductibles) that vary from member to member.

**VILLAGE OF WOODLAND
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2007**

RISK MANAGEMENT (Continued)

The Village also provides employee benefits through the Michigan Municipal League with programs underwritten by commercial insurance carriers.

At December 31, 2007, there were no claims, which exceeded insurance coverage. The Village had no significant reduction in insurance coverage from previous years.

VILLAGE OF WOODLAND
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended Decemver 31, 2007

| | <u>ORIGINAL BUDGET</u> | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH AMENDED BUDGET</u> |
|--|----------------------------|---------------------------|-------------------|---|
| Beginning of Year Fund Balance | \$ 215,396 | \$ 215,396 | \$ 215,396 | \$ - |
| Resources (Inflows) | | | | |
| Taxes and Penalties | 86,250 | 86,250 | 96,092 | 9,842 |
| Licenses and Permits | 400 | 400 | - | (400) |
| State Grants | 42,000 | 42,000 | 49,384 | 7,384 |
| Interest and Rentals | 1,000 | 1,000 | 7,090 | 6,090 |
| Other Revenue | <u>5,200</u> | <u>5,200</u> | <u>15,156</u> | <u>9,956</u> |
| Total Resources | <u>134,850</u> | <u>134,850</u> | <u>167,722</u> | <u>32,872</u> |
| Charges to Appropriations (Outflows) | | | | |
| Legislative | 12,850 | 12,850 | 9,922 | 2,928 |
| General Government | | | | |
| President | 3,250 | 3,250 | 3,116 | 134 |
| Elections | 800 | 800 | 101 | 699 |
| Assessor | 950 | 950 | 950 | - |
| Clerk | 1,100 | 1,100 | 1,288 | (188) |
| Treasurer | 4,150 | 4,150 | 4,486 | (336) |
| Public Works | | | | |
| Garage and Maintenance | 36,600 | 36,600 | 49,149 | (12,549) |
| Sidewalk Replacement | 13,000 | 13,000 | 13,514 | (514) |
| Street Lighting | 7,900 | 7,900 | 8,645 | (745) |
| Other | | | | |
| Insurance, Bonds and Fringes | 36,924 | 36,924 | 34,314 | 2,610 |
| Capital Outlay | <u>2,000</u> | <u>2,000</u> | <u>7,937</u> | <u>(5,937)</u> |
| Total Charges to Appropriations | <u>119,524</u> | <u>119,524</u> | <u>133,422</u> | <u>(13,898)</u> |
| Excess of Resources Over (Under) Appropriations | <u>15,326</u> | <u>15,326</u> | <u>34,300</u> | <u>18,974</u> |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In | 5,000 | 5,000 | - | (5,000) |
| Operating Transfers (Out) | <u>(7,900)</u> | <u>(7,900)</u> | <u>(9,200)</u> | <u>(1,300)</u> |
| Total Other Financing Sources (Uses) | <u>(2,900)</u> | <u>(2,900)</u> | <u>(9,200)</u> | <u>(6,300)</u> |
| Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses | <u>12,426</u> | <u>12,426</u> | <u>25,100</u> | <u>12,674</u> |
| Budgetary Fund Balance - December 31, 2007 | <u>\$ 227,822</u> | <u>\$ 227,822</u> | <u>\$ 240,496</u> | <u>\$ 12,674</u> |

VILLAGE OF WOODLAND
BUDGETARY COMPARISON SCHEDULE - MAJOR STREET FUND
For the Year Ended December 31, 2007

| | <u>ORIGINAL BUDGET</u> | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH AMENDED BUDGET</u> |
|--|----------------------------|---------------------------|-------------------|---|
| Beginning of Year Fund Balance | \$ 87,865 | \$ 87,865 | \$ 87,865 | \$ - |
| Resources (Inflows) | | | | |
| State Grants | 21,500 | 21,500 | 25,380 | 3,880 |
| Interest and Rentals | <u>250</u> | <u>250</u> | <u>2,170</u> | <u>1,920</u> |
| Total Resources | <u>21,750</u> | <u>21,750</u> | <u>27,550</u> | <u>5,800</u> |
| Charges to Appropriations (Outflows) | | | | |
| Public Works | | | | |
| Street Routine Maintenance | 3,500 | 3,500 | 2,847 | 653 |
| Street Winter Maintenance | 3,900 | 3,900 | 5,084 | (1,184) |
| Traffic Services | 3,150 | 3,150 | 2,079 | 1,071 |
| Fringes and Insurance | <u>3,000</u> | <u>3,000</u> | <u>1,627</u> | <u>1,373</u> |
| Total Charges to Appropriations | <u>13,550</u> | <u>13,550</u> | <u>11,637</u> | <u>1,913</u> |
| Excess of Resources Over (Under) Appropriations | <u>8,200</u> | <u>8,200</u> | <u>15,913</u> | <u>7,713</u> |
| Other Financing Sources (Uses): | | | | |
| Operating Transfers In | - | - | - | - |
| Operating Transfers (Out) | <u>(5,000)</u> | <u>(5,000)</u> | <u>-</u> | <u>5,000</u> |
| Total Other Financing Sources (Uses) | <u>(5,000)</u> | <u>(5,000)</u> | <u>-</u> | <u>5,000</u> |
| Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses | <u>3,200</u> | <u>3,200</u> | <u>15,913</u> | <u>12,713</u> |
| Budgetary Fund Balance - December 31, 2007 | <u>\$ 91,065</u> | <u>\$ 91,065</u> | <u>\$ 103,778</u> | <u>\$ 12,713</u> |

VILLAGE OF WOODLAND
BUDGETARY COMPARISON SCHEDULE - LOCAL STREET FUND
For the Year Ended December 31, 2007

| | <u>ORIGINAL BUDGET</u> | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH AMENDED BUDGET</u> |
|--|----------------------------|---------------------------|-----------------|---|
| Beginning of Year Fund Balance | \$ 5,121 | \$ 5,121 | \$ 5,121 | \$ - |
| Resources (Inflows) | | | | |
| State Grants | 6,500 | 6,500 | 7,673 | 1,173 |
| Interest and Rentals | <u>30</u> | <u>30</u> | <u>39</u> | <u>9</u> |
| Total Resources | <u>6,530</u> | <u>6,530</u> | <u>7,712</u> | <u>1,182</u> |
| Charges to Appropriations (Outflows) | | | | |
| Public Works | | | | |
| Street Routine Maintenance | 1,550 | 1,550 | 1,306 | 244 |
| Street Winter Maintenance | 2,400 | 2,400 | 2,893 | (493) |
| Traffic Services | 1,550 | 1,550 | 1,017 | 533 |
| Fringes and Insurance | <u>1,000</u> | <u>1,000</u> | <u>1,085</u> | <u>(85)</u> |
| Total Charges to Appropriations | <u>6,500</u> | <u>6,500</u> | <u>6,301</u> | <u>199</u> |
| Excess of Resources Over (Under) Appropriations | <u>30</u> | <u>30</u> | <u>1,411</u> | <u>1,381</u> |
| Other Financing Sources (Uses): | | | | |
| Operating Transfers In | - | - | - | - |
| Operating Transfers (Out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses | <u>30</u> | <u>30</u> | <u>1,411</u> | <u>1,381</u> |
| Budgetary Fund Balance - December 31, 2007 | <u>\$ 5,151</u> | <u>\$ 5,151</u> | <u>\$ 6,532</u> | <u>\$ 1,381</u> |

VILLAGE OF WOODLAND
BUDGETARY COMPARISON SCHEDULE - PARKS FUND
For the Year Ended December 31, 2007

| | <u>ORIGINAL BUDGET</u> | <u>AMENDED BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE WITH AMENDED BUDGET</u> |
|--|----------------------------|---------------------------|-----------------|---|
| Beginning of Year Fund Balance | \$ 7,445 | \$ 7,445 | \$ 7,445 | \$ - |
| Resources (Inflows) | | | | |
| Taxes and Penalties | 13,500 | 13,500 | 13,728 | 228 |
| Interest and Rentals | 1,500 | 1,500 | 3,034 | 1,534 |
| Other Revenue | <u>875</u> | <u>875</u> | <u>8,980</u> | <u>8,105</u> |
| Total Resources | <u>15,875</u> | <u>15,875</u> | <u>25,742</u> | <u>9,867</u> |
| Charges to Appropriations (Outflows) | | | | |
| Recreation and Culture | | | | |
| Wages | 9,200 | 9,200 | 9,237 | (37) |
| Fringes and Insurance | 3,500 | 3,500 | 3,525 | (25) |
| Utilities | 1,400 | 1,400 | 925 | 475 |
| Maintenance and Repairs | 1,500 | 1,500 | 3,481 | (1,981) |
| Equipment Rental | 2,500 | 2,500 | 3,372 | (872) |
| Miscellaneous | 450 | 450 | 2,418 | (1,968) |
| Capital Outlay | <u>250</u> | <u>250</u> | <u>7,854</u> | <u>(7,604)</u> |
| Total Charges to Appropriations | <u>18,800</u> | <u>18,800</u> | <u>30,812</u> | <u>(12,012)</u> |
| Excess of Resources Over (Under) Appropriations | <u>(2,925)</u> | <u>(2,925)</u> | <u>(5,070)</u> | <u>2,145</u> |
| Other Financing Sources (Uses): | | | | |
| Operating Transfers In | 5,000 | 5,000 | 6,300 | 1,300 |
| Operating Transfers (Out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>5,000</u> | <u>5,000</u> | <u>6,300</u> | <u>1,300</u> |
| Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses | <u>2,075</u> | <u>2,075</u> | <u>1,230</u> | <u>(845)</u> |
| Budgetary Fund Balance - December 31, 2007 | <u>\$ 9,520</u> | <u>\$ 9,520</u> | <u>\$ 8,675</u> | <u>\$ (845)</u> |

VILLAGE OF WOODLAND
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
December 31, 2007

| ASSETS | MAJOR STREETS | LOCAL STREETS | PARKS | TOTAL |
|------------------------------------|--------------------------|--------------------------|------------------|-------------------|
| Cash and Cash Equivalents | \$ 53,201 | \$ 8,133 | \$ - | \$ 61,334 |
| Investments | 51,906 | - | - | 51,906 |
| Receivables | | | | |
| Taxes - Delinquent | - | - | 1,541 | 1,541 |
| Due From State | 3,823 | 1,156 | - | 4,979 |
| Due From Other Funds | - | 272 | 8,675 | 8,947 |
| Total Assets | <u>\$ 108,930</u> | <u>\$ 9,561</u> | <u>\$ 10,216</u> | <u>\$ 128,707</u> |
| LIABILITIES AND FUND EQUITY | | | | |
| Liabilities | | | | |
| Due to Other Funds | \$ 5,152 | \$ 3,029 | \$ - | \$ 8,181 |
| Deferred Revenue | - | - | 1,541 | 1,541 |
| Total Liabilities | <u>5,152</u> | <u>3,029</u> | <u>1,541</u> | <u>9,722</u> |
| Fund Equity | | | | |
| Fund Balance | | | | |
| Unreserved - Undesignated | <u>103,778</u> | <u>6,532</u> | <u>8,675</u> | <u>118,985</u> |
| Total Fund Equity | <u>103,778</u> | <u>6,532</u> | <u>8,675</u> | <u>118,985</u> |
| Total Liabilities and Fund Equity | <u>\$ 108,930</u> | <u>\$ 9,561</u> | <u>\$ 10,216</u> | <u>\$ 128,707</u> |

VILLAGE OF WOODLAND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2007

| | <u>MAJOR STREETS</u> | <u>LOCAL STREETS</u> | <u>PARKS</u> | <u>TOTAL</u> |
|---|--------------------------|--------------------------|-----------------|-------------------|
| Revenues | | | | |
| Taxes and Penalties | \$ - | \$ - | \$ 13,728 | \$ 13,728 |
| State Grants | 25,380 | 7,673 | - | 33,053 |
| Interest and Rentals | 2,170 | 39 | 3,034 | 5,243 |
| Other Revenue | <u>-</u> | <u>-</u> | <u>8,980</u> | <u>8,980</u> |
| Total Revenues | <u>27,550</u> | <u>7,712</u> | <u>25,742</u> | <u>61,004</u> |
| Expenditures | | | | |
| Current | | | | |
| Public Works | | | | |
| Street Routine Maintenance | 2,847 | 1,306 | - | 4,153 |
| Street Winter Maintenance | 5,084 | 2,893 | - | 7,977 |
| Traffic | 2,079 | 1,017 | - | 3,096 |
| Fringes and Insurance | 1,627 | 1,085 | - | 2,712 |
| Recreational and Cultural | | | | |
| Parks | | | | |
| Wages | - | - | 9,237 | 9,237 |
| Fringes and Insurance | - | - | 3,525 | 3,525 |
| Utilities | - | - | 925 | 925 |
| Miscellaneous | - | - | 2,418 | 2,418 |
| Maintenance and Repairs | - | - | 3,481 | 3,481 |
| Equipment Rental | - | - | 3,372 | 3,372 |
| Capital Outlay | <u>-</u> | <u>-</u> | <u>7,854</u> | <u>7,854</u> |
| Total Expenditures | <u>11,637</u> | <u>6,301</u> | <u>30,812</u> | <u>48,750</u> |
| Excess of Revenues Over (Under) | | | | |
| Expenditures | <u>15,913</u> | <u>1,411</u> | <u>(5,070)</u> | <u>12,254</u> |
| Other Financing Sources (Uses) | | | | |
| Operating Transfers In | - | - | 6,300 | 6,300 |
| Operating Transfers (Out) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>6,300</u> | <u>6,300</u> |
| Excess of Revenues and Other Sources Over | | | | |
| (Under) Expenditures and Other Uses | 15,913 | 1,411 | 1,230 | 18,554 |
| Fund Balance-January 1, 2007 | <u>87,865</u> | <u>5,121</u> | <u>7,445</u> | <u>100,431</u> |
| Fund Balance-December 31, 2007 | <u>\$ 103,778</u> | <u>\$ 6,532</u> | <u>\$ 8,675</u> | <u>\$ 118,985</u> |

VILLAGE OF WOODLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2007

| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|--------------------------------------|----------------|----------------|---|
| <hr/> Revenues <hr/> | | | |
| Taxes and Penalties | | | |
| Property Taxes | \$ 85,500 | \$ 95,005 | \$ 9,505 |
| Property Tax Administration Fee | 750 | 1,087 | 337 |
| Total Taxes and Penalties | <u>86,250</u> | <u>96,092</u> | <u>9,842</u> |
| Licenses and Permits | | | |
| Cable TV Fees | 400 | - | (400) |
| Total Licenses and Permits | <u>400</u> | <u>-</u> | <u>(400)</u> |
| State Grants | | | |
| State Revenue Sharing: | | | |
| Sales Tax | 42,000 | 49,384 | 7,384 |
| Total State Grants | <u>42,000</u> | <u>49,384</u> | <u>7,384</u> |
| Interest and Rentals | | | |
| Interest | 1,000 | 7,090 | 6,090 |
| Total Interest and Rentals | <u>1,000</u> | <u>7,090</u> | <u>6,090</u> |
| Other Revenue | | | |
| Miscellaneous | 500 | 1,136 | 636 |
| Proceeds from Sale of Capital Assets | - | 7,037 | 7,037 |
| Equipment Rental | 4,700 | 6,983 | 2,283 |
| Total Other Revenue | <u>5,200</u> | <u>15,156</u> | <u>9,956</u> |
| Total Revenues | <u>134,850</u> | <u>167,722</u> | <u>32,872</u> |
| <hr/> Expenditures <hr/> | | | |
| Legislative: | | | |
| Salaries - Village Council | 7,550 | 7,190 | 360 |
| Professional Services | 4,500 | 2,500 | 2,000 |
| Printing and Publishing | 100 | 157 | (57) |
| Membership Dues | 50 | - | 50 |
| Miscellaneous | 650 | 75 | 575 |
| Total Legislative | <u>12,850</u> | <u>9,922</u> | <u>2,928</u> |
| General Government: | | | |
| Village President: | | | |
| Salary | 2,800 | 2,800 | - |
| Supplies | 100 | - | 100 |
| Mileage | 350 | 316 | 34 |
| Total Village President | <u>3,250</u> | <u>3,116</u> | <u>134</u> |

VILLAGE OF WOODLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended December 31, 2007

| <u>Expenditures (Continued)</u> | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|--|---------------|---------------|---|
| General Government (Continued): | | | |
| Elections: | | | |
| Salaries and Wages | 800 | 91 | 709 |
| Supplies | - | 5 | (5) |
| Printing and Publishing | - | 5 | (5) |
| Total Elections | <u>800</u> | <u>101</u> | <u>699</u> |
| Assessor: | | | |
| Salary | <u>950</u> | <u>950</u> | <u>-</u> |
| Total Assessor | <u>950</u> | <u>950</u> | <u>-</u> |
| Clerk: | | | |
| Salary | 750 | 750 | - |
| Supplies | 150 | 456 | (306) |
| Printing and Publishing | 150 | 82 | 68 |
| Mileage | <u>50</u> | <u>-</u> | <u>50</u> |
| Total Clerk | <u>1,100</u> | <u>1,288</u> | <u>(188)</u> |
| Treasurer: | | | |
| Salary | 3,600 | 3,800 | (200) |
| Supplies | 500 | 644 | (144) |
| Mileage | <u>50</u> | <u>42</u> | <u>8</u> |
| Total Treasurer | <u>4,150</u> | <u>4,486</u> | <u>(336)</u> |
| Total General Government | <u>10,250</u> | <u>9,941</u> | <u>309</u> |
| Public Works: | | | |
| Garage and Maintenance: | | | |
| Wages | 24,000 | 34,643 | (10,643) |
| Contracted Services | 1,500 | - | 1,500 |
| Gas and Oil | 1,200 | 1,559 | (359) |
| Utilities | 2,500 | 2,932 | (432) |
| Maintenance and Repairs | 3,500 | 7,070 | (3,570) |
| Spring Clean Up Day | 2,800 | 2,329 | 471 |
| Miscellaneous | 1,100 | 616 | 484 |
| Capital Outlay | <u>2,000</u> | <u>7,937</u> | <u>(5,937)</u> |
| Total Garage and Maintenance | <u>38,600</u> | <u>57,086</u> | <u>(18,486)</u> |
| Sidewalks: | | | |
| Contracted Services | <u>13,000</u> | <u>13,514</u> | <u>(514)</u> |
| Total Sidewalks | <u>13,000</u> | <u>13,514</u> | <u>(514)</u> |

VILLAGE OF WOODLAND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended December 31, 2007

| <u>Expenditures (Continued)</u> | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE FAVORABLE (UNFAVORABLE)</u> |
|--|---------------|---------------|---|
| Public Works (Continued): | | | |
| Street Lighting: | | | |
| Utilities | 7,900 | 8,645 | (745) |
| Total Street Lighting | 7,900 | 8,645 | (745) |
| Total Public Works | 59,500 | 79,245 | (19,745) |
| Other: | | | |
| Insurance, Bonds and Fringes: | | | |
| Multi-Peril Insurance | 13,000 | 12,161 | 839 |
| Clothing Allowance | 750 | 570 | 180 |
| Christmas Bonus | 750 | 570 | 180 |
| Longevity Pay | 500 | 380 | 120 |
| Employee Insurance | 14,000 | 12,233 | 1,767 |
| Workers Compensation Insurance | 1,550 | 1,316 | 234 |
| Health Reimbursement | 1,924 | 1,462 | 462 |
| Payroll Taxes | 4,350 | 5,210 | (860) |
| Miscellaneous | 100 | 412 | (312) |
| Total Insurance, Bonds and Fringes | 36,924 | 34,314 | 2,610 |
| Total Other | 36,924 | 34,314 | 2,610 |
| Total Expenditures | 119,524 | 133,422 | (13,898) |
| Excess of Revenues Over Expenditures | 15,326 | 34,300 | 18,974 |
| Other Financing Sources (Uses): | | | |
| Operating Transfers In | 5,000 | - | (5,000) |
| Operating Transfers (Out) | (7,900) | (9,200) | (1,300) |
| Total Other Financing Sources (Uses) | (2,900) | (9,200) | (6,300) |
| Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses | 12,426 | 25,100 | 12,674 |
| Fund Balance-January 1, 2007 | 215,396 | 215,396 | - |
| Fund Balance-December 31, 2007 | \$ 227,822 | \$ 240,496 | \$ 12,674 |



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April 30, 2008

To the Village Council
Village of Woodland
Barry County, Michigan

We have recently completed an audit of the financial statements of the Village of Woodland, Barry County, Michigan for the year ended December 31, 2007. During the course of the audit, the following items came to our attention, which require further comment.

Budgets Should Be Reviewed On A Periodic Basis

The general appropriations act passed before the beginning of each fiscal year is the legal authority for the Village to spend public moneys. The general appropriations act specifies amounts that may be spent by budget category. The Village does not have legal authority to spend amounts in excess of specific appropriations.

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit of government may not incur expenditures in excess of amounts appropriated. When it appears that more money will be spent than the amount originally appropriated, it is necessary to amend the budget. This can be done at any meeting and does not require a new public hearing. During the year ended December 31, 2007, the Village's actual expenditures exceeded their appropriations in numerous areas. The Village is currently monitoring the budget and making amendments when necessary, but did not approve the final amendments until after year-end.

It is recommended that the Village adopt its budget at the activity level set forth in the Uniform Chart of Accounts. This will allow the Village to move appropriations among line items without requiring amendments. The Village should monitor the expenditures in relation to amounts appropriated on a monthly basis and amend the budget when necessary.

Disbursements

Credit card statements did not have valid receipts attached to substantiate credit card activity.

Disbursements made by the Village should be supported by proper documentation. Invoices or contracts should support expenditures for goods or services. A signed reimbursement form that specifies the payee, what the expense was incurred for, where the expense occurred, when the expense was incurred and why the expense was incurred should substantiate reimbursements to employees or officials. Applicable invoices or receipts should be attached.

We recommend that the Village obtain proper documentation for all disbursements made. The documentation should be filed in an organized manner that is easily assessable.

We would like to take this opportunity to thank the Village of Woodland for the cooperation and courtesy extended to us during the audit. If you have any questions or need assistance, do not hesitate to contact us.

Walker, Fluke & Sheldon, PLC



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To the Village Council
Village of Woodland
Barry County, Michigan

In planning and performing our audit of the financial statements of the Village of Woodland as of and for the year ended December 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the Village of Woodland's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses.

- The Village does not have segregation of duties between the clerk and treasurer position.
- The Village does not have the technical expertise to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, changes in capital assets, and to present required financial statement disclosures. Currently, the Village contracts with Walker, Fluke & Sheldon, PLC to prepare the financial statements and assist with accrual entries.

This communication is intended solely for the information and use of management, the board of trustees of Village of Woodland and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Hastings, MI
April 30, 2008

Walker, Fluke & Sheldon, PLC